STATE OF WASHINGTON

DEPARTMENT OF SOCIAL AND HEALTH SERVICES
Medical Assistance Administration, P.O. Box 45500, Olympia, Washington 98504-5500

To:	**All Medicaid providers**
From:	**Doug Porter, Assistant Secretary, Medical Assistance Administration, DSHS**
Date:	**May 5, 2004**
Re:	**Medicaid claims inventory backlog**

The Medical Assistance Administration (MAA) has experienced a significant increase in the number of paper medical claims submitted for payment, which has caused a backlog in our claims inventory. The backlog has caused a slowdown in our processing and payment of claims, which directly impacts providers like yourself.

We have already undertaken a number of corrective steps -- including authorizing overtime for claims processing and adding staff. There is more to be done, but we need your help. Providers, billing services and clearing houses can support claims processing efforts in two significant ways:

1. Many practice management software programs, billing services and clearinghouses have set their system rebilling cycles to automatically generate rebillings of unpaid claims on a weekly, bi-weekly or monthly cycle. Early rebillings only add duplicates to the inventory that already contains the original bill. We request that providers assist us in reducing the inventory backlog by changing their software so that it doesn't generate duplicate billings any earlier than <u>six months from the date of original submission</u>. This will allow Claims Processing to focus on original claims.

2. The backlog is clearly linked to the increase in paper claims, which take longer to process. Some providers, despite expert advice to the contrary, may have reverted from electronic claim submission to paper claim submission in reaction to the Health Insurance Portability and Accountability Act (HIPAA). There may be other factors, too. But anything providers can do to hold down or eliminate paper claims will be helpful to us both. Electronic claims are processed in an average of 8.9 days rather than the average 29.7 days it takes to process a paper claim. The MAA-HIPAA Internet site http://maa.dshs.wa.gov/dshshipaa includes a list of software vendors who are currently able to submit HIPAA-compliant electronic claims to MAA. Some states and the federal government are discouraging, even eliminating, paper claims. Providers who can change to electronic submission will be acting in their own interest.

I also want you to know that MAA is in the process of implementing an administration-wide simplification project we are calling "Right the First Time!" (RTFT!). RTFT! is aimed at increasing the number of claims that can be processed without problems when they are submitted – which will, in turn, reduce your days in accounts receivable for Medicaid. Part of that project will depend on providers' feedback – we are looking for ideas to cut down on confusion and to streamline billing requirements. Please send your suggestions to RTFT! Project Manager Diane Weeden by e-mail at weeded@dshs.wa.gov.

Thanks in advance for your help. We need to work together to turn this around.